

TAB

4 August 1964

**PROPOSED CIA RETIREMENT AND DISABILITY SYSTEM**

Tab 1 Opening statement of DCI before House Armed Services  
Committee on 23 July 1963

Tab 2 Discussion of need, urgency, key features and cost of the  
retirement system

Tab 3 Plan for administration of the retirement system including  
standards of eligibility, selection of participants,  
delegations of authorities to the Director of Personnel,  
and establishment of a Retirement Board.

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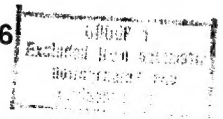
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Since I became Director in November of 1961, I have studied carefully the personnel structure of the Agency. As I have indicated before, I believe that the people in the Agency constitute as competent and as professional and as dedicated a group as I have ever had the privilege to work with and in many ways are superior to most of the groups with which I have been associated. In the clandestine activities of the Agency we need highly trained individuals with unique skills. During their careers these individuals find themselves in many trying situations under adverse conditions and on more than a few occasions they are exposed to hazards not common to Government employees generally. Like military people, they accept the obligation to serve anywhere in the world on a 24-hour a day basis on whatever assignment the needs of the Agency require.

But this is a young man's game and for many other reasons the Agency cannot offer to all of the people in clandestine activities the normal full career of 30 or so years. At this time, resulting largely from a rapid buildup of personnel strength during the Korean War, we do have a hump problem with an increasing group of people whose flexibility to serve Agency needs is decreasing. With this hump problem we must bring down the average age and then we will have to maintain proper age grouping and flexibility. For example, of the professionals in this group the average age in 1963 was 40 and in ten years, with the current Civil Service retirement system, it will be 46. However, we wish to maintain approximately the current average age and with this retirement bill it is hoped that we can achieve this objective. This

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situation is reflected in turn in the average retirement age which today is 62 and which we would like to reduce to 55 for the group covered under this system.

Our recruitment program of junior officer trainees ensures a continuing inflow of new blood but in a few years these trainees will be bumping up against ceilings caused by the hump with potentially serious results. As a management tool to decrease the numbers in the older age groups and to reduce the hump I believe this retirement bill is essential. Further, I have now set a new ceiling for fiscal 1966 which requires reducing the size of the Agency this year. Again, this retirement bill will be of significant value in accomplishing what we call forced attrition so that we will not be required to move into any reduction of force or straight separation of surplus personnel.

A great deal of study was given to the problem of providing an equitable retirement to those deserving employees to whom we can not afford full careers. Rather than establish an entirely new and untried system, I selected an existing retirement system which is sufficiently flexible to afford me the management tool I believe is needed. For the great majority of our people I believe the Civil Service Retirement System is adequate but for the estimated  who are essentially engaged in clandestine activities the normal retirement for Government employees is not equitable nor does it serve the Agency's needs.

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I believe this is a modest program. It will involve no more than

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persons under the system. The number of retirements per year for the first five years is estimated at about 70. The cost figures have been provided you and I believe these figures are reasonably sound estimates.

In order to maintain the high level of performance of the Agency's employees I believe we must give them assurance that we are doing everything possible to assure them equitable treatment at the close of a shortened career in the intelligence business.

I will be happy to discuss this proposed retirement system in detail and if you have any questions I will try to answer them.

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